

June 29, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *BS*

SUBJECT: PL-480 Programs for
Jamaica and Afghanistan

Secretary Kissinger has proposed small PL-480 programs for Jamaica (\$2.5 million) and Afghanistan (\$2.6 million). The Secretary discusses the need for these programs in the memorandum to you at Tab A. At Tab B is a memorandum to you from Jim Lynn recommending against these programs.

Secretary Kissinger's memorandum points out the importance of these two small programs.

--In Jamaica, we wish to extend a highly successful humanitarian program for an additional year to avoid giving radicals further anti-U.S. arguments during the current highly agitated political campaign. Jamaica supplies over half of our bauxite needs, and investment disputes between the government and U.S. companies are in a delicate negotiating stage.

--In Afghanistan, we wish to remove the irritant of a program which was not completed in 1973 -- albeit because the Afghans moved slowly. You will meet on July 1 with Mohammad Naim, brother and chief advisor to the Afghan President; he would be pleased to know this small problem had been resolved.

OMB argues that these two programs illustrate an undesirable trend toward proliferation of PL-480 recipients. OMB believes these programs are of low political priority, have little developmental justification, and will be hard to terminate. Specifically, OMB argues:

--that in the case of Jamaica, severe balance of payments problems should not obscure the country's wealth relative to other LDCs, and that the political impact would be both small and counter

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to our suspension of development lending as a result of the ongoing investment disputes;

--that in the case of Afghanistan, the country has high foreign exchange reserves even though it is one of the poorest of countries, that our AID reduction is temporary, and that the program would probably have no impact on the country's stability.

I strongly support Secretary Kissinger's proposals for the following reasons:

--Secretary Kissinger is not requesting additional funding for the programs, which would be included within the currently approved PL-480 budget. It is the Secretary's judgment that this allocation of available PL-480 resources represents the most effective programming in terms of our foreign policy objectives. I concur.

• --Although OMB's arguments against "proliferation" of PL-480 programs raise a broader policy issue which could be prepared for your review and decision, neither paper adequately develops this broader issue. While it does not seem to me there is anything inherently wrong with small programs, I believe you should at this time review only the specific cases of Jamaica and Afghanistan, on their respective merits. (I should note that even with these two programs, the total would still be considerably below the average of the last 10 years.)

RECOMMENDATION

That you approve the PL-480 programs proposed for Jamaica and Afghanistan.


Approve _____ Disapprove _____

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THE SECRETARY OF STATE
WASHINGTON

June 17, 1976


MEMORANDUM FOR: THE PRESIDENT
From: Henry A. Kissinger
Subject: PL 480 Programs for Jamaica
and Afghanistan

The Jamaican and Afghanistan Governments have requested small Title I PL 480 programs this year. I consider it highly important that we provide such assistance.

OMB is sending you a memorandum recommending against both programs on the grounds, in its view, that they have relatively low political priority and little developmental justification. More generally, OMB is concerned that an increasing number of small programs will eventually force increases in PL 480 budget levels.

The Jamaica (\$2.5 million) and Afghanistan (\$2.6 million) programs fit within the approved Title I budget levels for FY-1976 and the transitional quarter. I believe the important issue is not proliferation, but whether the political, developmental and humanitarian returns are commensurate with outlay. I believe they are.

The Jamaicans attach symbolic importance to the continuation of a PL 480 program. Were it terminated during the current period of economic difficulties, the decision would almost certainly be interpreted as a "destabilizing" action on our part. Jamaica's leadership erroneously suspects that we are trying to undermine the Manley Government. An action on our part tending to reinforce that suspicion would strengthen the radical, pro-Cuban faction.

The US has significant economic interests in Jamaica. Among them is US investment in the bauxite/alumina industry which is about \$630 million. Investment disputes between the Jamaican Government and the bauxite companies are in a delicate negotiating stage; the situation should not be exacerbated.


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The Jamaican PL 480 program has high humanitarian content. It provides nutrition to a large number of Jamaica's poorest women and children who are seriously affected by the highly adverse trends in Jamaica's economy.

The Afghanistan program will provide about one-third of vegetable oil import requirements this year. Afghanistan is one of the world's poorest countries and is classed as one of the most seriously affected (MSA) by oil and other commodity price increases.

We have real, if limited, interests in Afghanistan. Internal developments there historically have affected neighboring nations, and our overriding interest in South Asian regional stability argues for a genuine United States effort to promote a responsible, economically progressive government in Kabul. Also, we seek to assist Afghanistan in avoiding over-dependence on the Soviet Union. The PL 480 program will contribute to these objectives and, this year, will help to make up for temporary reductions in AID programing.

In support of our interests we have invited Mohammad Naim, brother and chief advisor of the Afghan President, to visit Washington in late June. He is scheduled to meet with you July 1. I would hope that Afghanistan's PL 480 request will no longer be an issue at that time.

I urge your favorable consideration of both the Jamaica and Afghanistan proposals. I do not think there should be a presumption against small PL 480 programs; small countries are increasingly important to us. PL 480 has proven to be a particularly effective foreign policy instrument where the return can far outweigh the cost.

THE WHITE HOUSE
WASHINGTON

July 6, 1976

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MEMORANDUM FOR: JAMES T. LYNN
THRU: PAUL H. O'NEILL
FROM: JAMES E. CONNOR JEC
SUBJECT: P.L. 480 PROGRAMMING
TRENDS

The President reviewed your memorandum of June 21 on the above subject and made the following decisions:

Afghanistan:

Option #1 - Undertake the proposed \$2.6 million oil program and leave open the possibility of future continuation.

Jamaica:

Option #2 - Do not undertake the program.

Proliferation:

The following notation was made by the President regarding your recommendation for OMB to undertake an interagency study to develop firm guidelines for future Title I food aid programming for political and developmental purposes for review and approval by the beginning of Fiscal Year 1977.

"New OMB study not essential now."

Please follow-up with appropriate action.

cc: Dick Cheney